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# TAXWEEKLY

## A WEEKLY MAGAZINE OF RECENT UPDATES IN TAX REGIME.

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*Amey Sharma*

# LLP Settlement Scheme, 2020
## One-time condonation

1. A One-time condonation of delay in filing statutorily required documents with the Registrar.
2. Scheme shall come into force on the 16th March, 2020 and shall remain in force up to 13th June, 2020.
3. Nominal additional fee of Rs 10/- per day for the period of delay
4. Maximum additional fee per document Rs. 5,000/-
5. The Scheme shall apply to the filing of the following documents:

   - Form-3- Information with regard to limited liability partnership agreement and changes, if any, made therein;
   - Form-4- Notice of appointment, cessation, change in name/ address/designation of a designated partner or partner and consent to become a partner/designated partner;
   - Form-8- Statement of Account & Solvency (Annual or Interim); and
   - Form-11- Annual Return of Limited Liability Partnership (LLP).

It has been almost over a decade since LLP Act came into being. The Limited Liability Partnership (LLP) is viewed as an alternative corporate business vehicle that provides the benefits of Limited Liability but allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. Owing to flexibility in its structure and operation, the LLP often become the preferred option for small enterprises.

It has been observed that due to applicability of additional fee on late filing, which in case of inordinate delay could actually become a financial burden, a large number of Limited Liability Partnerships (LLPs) have remained non-compliant, mainly on account of their inability to pay late fees for the cumulative period of delay.

A large number of LLPs have defaulted in filing Form (3) viz. LLP Agreement and changes therein and statutory return viz. Form-8- Statement of Account & Solvency (Annual or Interim) and Form-Tl- Annual Return of LLP.

In the event of requisite forms not being filed within prescribed time presently LLPs may file such documents on payment of additional fee for one hundred rupees for every day of such delay under Section 69 of the LLP Act in addition to any fee as is payable for filing of such document or return.

A large number of representations were received from various quarters for waiver of fee or condonation of delay and relaxations in additional fee on the ground of excessive financial burden.

It is also noted that a large number of LLPs are not filing their due statutory documents (i.e. Information with regard to LLP agreement and changes etc., Notice of Appointment of Partner/ Designate Partner etc. and other Annual filing documents i.e. Statement of Account & Solvency and Annual Returns) in a timely manner with the Registrar. Form 3 is filed for filing Information with regard to LLP agreement and changes, if any made therein and Form-4 is for filing Notice of Appointment of Partner/ Designated Partner, his consent etc. which are required to be filed with the prescribed fee.

<u>The details of the scheme are as under:</u>

This scheme shall come into force on the 16th March, 2020 and shall remain in force up to 13th June, 2020.

Definitions:
(a) "Act" means the Limited Liability Partnership Act, 2008;
(b) "LLP" means a LLP as defined in Section 2 (n) of the Limited Liability Partnership Act, 2008;
(c) "defaulting LLP" means a LLP registered under the Limited Liability Partnership Act, 2008 which has made a default in filing of documents on the due date(s) specified under the LLP Act, 2008 and rules made there under;

Applicability: -
Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31st October, 2019 in accordance with the provisions of this Scheme:

Manner of payment of fees and additional fee: -
The defaulting LLPs may themselves avail of the scheme for filing documents which have not been filed or registered in time on payment of additional fee Rs 10/- per day for delay in addition to any fee as is payable for filing of such document or return, provided that such payment of additional fee shall not exceed Rs. 5,000/- per document.

Immunity from prosecution in respect of document(s) filed under the scheme -
The defaulting LLPs, which have filed their pending documents till 13th June 2020 and made good the default, shall not be subjected to prosecution by Registrar for such defaults.

Scheme not to apply to certain documents-

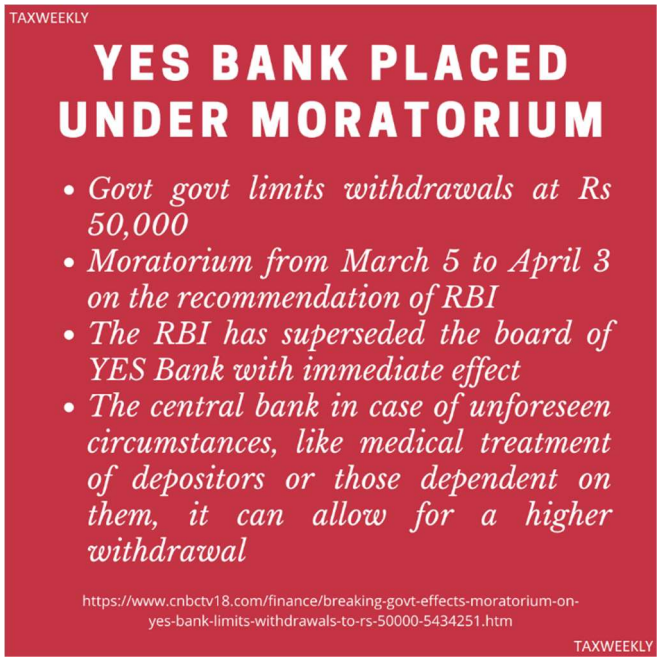
(a.) This Scheme shall not apply to the filing of documents except the following documents:-

- Form-3- Information with regard to limited liability partnership agreement and changes, if any, made therein;
- Form-4- Notice of appointment, cessation, change in name/ address/ designation of a designated partner or partner and consent to become a partner/ designated partner; Form-8- Statement of Account & Solvency (Annual or Interim);
- Form-11- Annual Return of Limited Liability Partnership (LLP).

(b.) This Scheme shall not apply to LLPs which has made an application in Form 24 to the Registrar, for striking off its name from the register as per provisions of Rule 37(1) of the LLP Rules, 2009.

On the conclusion of the Scheme, the Registrar shall take necessary action under the LLP Act, 2008 against the LLPs which have not availed this Scheme and are in default in filing of documents as required under the provisions of LLP Act, 2008 in a timely manner.

The Scheme is being introduced in pursuance of the Government's objective of providing greater Ease of Living to the citizens of the country and is expected to provide a significant relief and a window of opportunity for LLPs to abide by the Law & conduct business accordingly.




## Cabinet approves Companies (Second Amendment) Bill, 2019

The Bill would remove criminality under the Act in case of defaults which can be determined objectively and which, otherwise, lack the element of fraud or do not involve larger public interest.

This would also lead to further de-clogging of the criminal justice system in the country. The Bill

would also further ease of living for law abiding corporates.

Companies (Second Amendment) Bill, 2019 would enable the listing of Indian companies on stock exchanges in foreign jurisdictions.

## Persuant to rate change, corresponding change in valuation of lottery.

*Notification No. 08/2020 – Central Tax*

With effect from the 1st March, 2020, in rule 31A, for sub-rule (2)

The value of supply of lottery shall be deemed to be 100/128 of the face value of ticket or of the price as notified in the Official Gazette by the Organising State, whichever is higher.

## CBDT issues FAQs on Direct Tax Vivad se Vishwas Scheme, 2020

Introduced to provide **complete waiver of interest and penalty to the taxpayers whose liabilities are in dispute.**

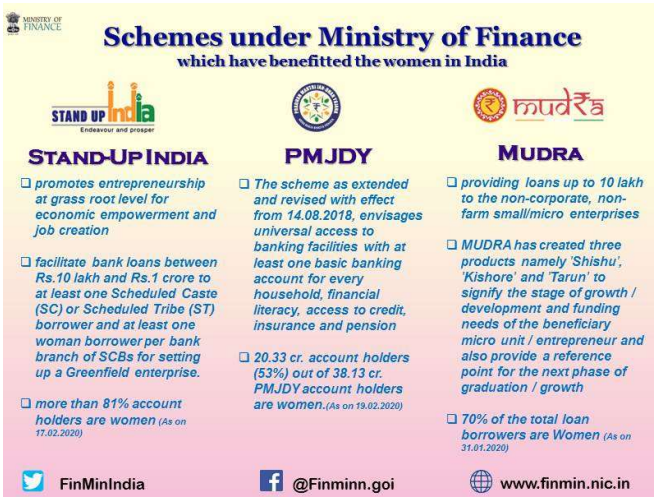
These FAQs contain clarifications on scope/eligibility, calculation of disputed tax, procedure related to payment of disputed tax and consequential benefits to the declarant.

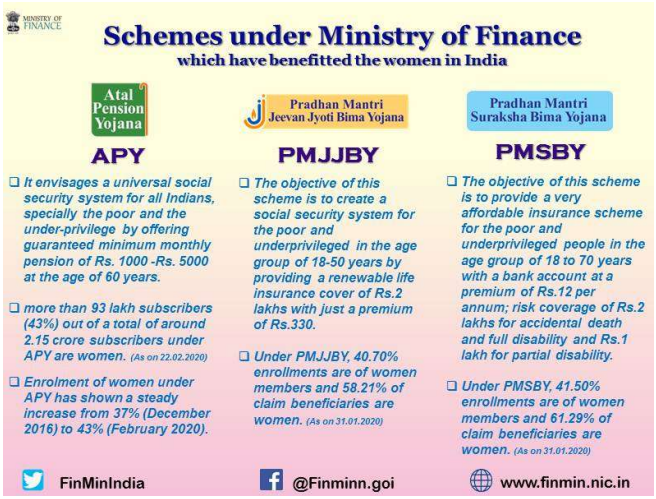
Find Them : https://www.incometaxindia.gov.in/Pages/press-releases.aspx

## Option for Renewal of LUT for FY 2020-2021 is activated on GSTN.

For executing export transactions (including supplies to SEZ) without payment of GST, LUT is mandatory.

LUT obtained for FY 2019-2020 will expire on 31.3.2020.

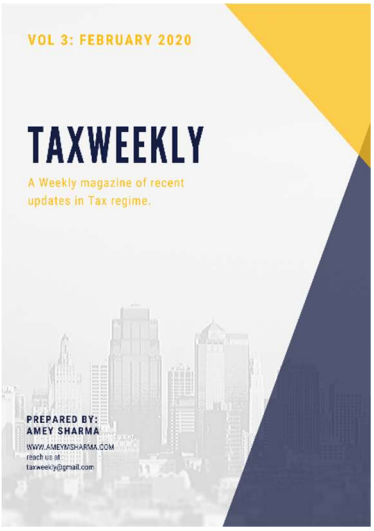


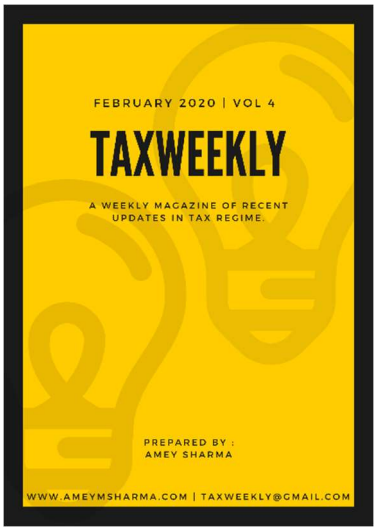



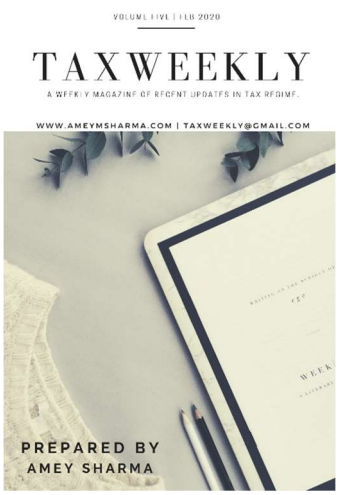
# *COMPLIANCE CALENDER MARCH 2020*

| Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | Tcs/Tds payment | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | Gstr-8 (Tcs) | Gstr-1 (Monthly | | Gstr - 6 (ISD) | | Tds Certificate u/s 194-IA and 194IB of Income Tax Act |
| | Gstr-7 (Tds) | | | | | Due Date of Advance Tax FY 19-20 |
| | | | | | | Due Date of whole Advance Tax FY 19-20 covered under 44AD /44ADA |
| | | | | | | PF and ESI Payment |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | GSTR - 5 and 5A | | GSTR - 3B* |
| | | | | | | |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| | GSTR - 3B* | EPF Return | | | | |
| 30 | 31 | | | | | |
| Challan cum statement for TDS u/s 194-IA and 194IB of Income Tax Act | GSTR - 9 & 9C FY 18-19 | | | | | |
| | LUT 19-20 EXPIRE | | | | | |
| | Income tax - Return of Income FY 18-19 | | | | | |

# PREVIOUS EDITIONS



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I am a student pursuing chartered accountancy course and currently undergoing Articleship at M. Sharma S. Agrawal & Co. Nagpur. I have interests in field of direct and indirect taxation. I have presented papers on the same at the ICAI student conferences and also written various articles on GST and income tax at various platforms.

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